

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

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Name of Investment Adviser: Sovereign Holdings, LLC					
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
3440 Toringdon Way,		Charlotte	NC	28722	(704) 366-1091

**This part of FORM ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any government authority.**

**Table of Contents**

<b><u>Item Number</u></b>	<b><u>Item</u></b>	<b><u>Page</u></b>
1	Advisory Services and Fees .....	2
2	Types of Clients .....	2
3	Types of Investments .....	3
4	Methods of Analysis, Sources of Information and Investment Strategies .....	3
5	Education and Business Standards .....	4
6	Education and Business Background .....	4
7	Other Business Activities .....	4
8	Other Financial Industry Activities or Affiliations .....	4
9	Participation or Interest in Client Transactions .....	5
10	Conditions for Managing Accounts .....	5
11	Review of Accounts .....	5
12	Investment or Brokerage Discretion .....	6
13	Additional Compensation .....	6
14	Balance Sheet .....	6
	Continuation Sheet .....	Schedule F

(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.

Applicant: **Sovereign Holdings, LLC**

SEC File Number:

801- **20028**

Date:

**3/27/2009**

**1. A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

- |                                     |  |            |   |
|-------------------------------------|--|------------|---|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services .....   | <b>100</b> | % |
| <input type="checkbox"/>            | (2) Manages investment advisory accounts not involving investment supervisory services.....  |            | % |
| <input type="checkbox"/>            | (3) Furnishes investment advice through consultations not included in either service described above...  |            | % |
| <input type="checkbox"/>            | (4) Issues periodicals about securities by subscription .....  |            | % |
| <input type="checkbox"/>            | (5) Issues special reports about securities not included in any service described above.....   |            | % |
| <input type="checkbox"/>            | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... |            | % |
| <input type="checkbox"/>            | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities...   |            | % |
| <input type="checkbox"/>            | (8) Provides a timing service .....  |            | % |
| <input type="checkbox"/>            | (9) Furnishes advice about securities in any manner not described above.....   |            | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? . . . . . Yes ☐ No ☒

C. Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input type="checkbox"/> (6) Other             |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input checked="" type="checkbox"/> B. Banks or thrift institutions     | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)   |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)**

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities                                       | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                             | <input checked="" type="checkbox"/> I. Options contracts on:               |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                     | <input type="checkbox"/> (1) securities                                    |
| <input checked="" type="checkbox"/> (3) Foreign issuers  | <input type="checkbox"/> (2) commodities                                   |
| <input type="checkbox"/> B. Warrants   | <input type="checkbox"/> J. Futures contracts on:                          |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                                     |
| <input checked="" type="checkbox"/> D. Commercial paper  | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                 | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> F. Municipal securities                                    | <input type="checkbox"/> (1) real estate                                   |
| <input type="checkbox"/> G. Investment company securities:                                     | <input type="checkbox"/> (2) oil and gas interests                         |
| <input type="checkbox"/> (1) variable life insurance   | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| <input type="checkbox"/> (2) variable annuities  | <input checked="" type="checkbox"/> L. Other (explain on Schedule F)       |
| <input checked="" type="checkbox"/> (3) mutual fund shares                                     |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |   |
|---|---|
| (1) <input type="checkbox"/> Charting               | (4) <input checked="" type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |   |

B. The main sources of information applicant uses include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services   |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | Securities and Exchange Commission   |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (7) <input checked="" type="checkbox"/> Company press releases                         |
|   | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)                  |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |  |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input type="checkbox"/> Short sales   |  |

**FORM ADV**  
**Part II - Page 4**

Applicant: Sovereign Holdings, LLC

SEC File Number:  
801- 20028

Date:  
3/27/2009

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... Yes No  
☒ ☐

(If yes, please describe these standards on Schedule F)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- formal education after high school
- year of birth
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input checked="" type="checkbox"/> (3) other investment adviser   | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. Yes No  
☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)**

Applicant: Sovereign Holdings, LLC

SEC File Number:  
801-20028

Date:  
3/27/2009

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sell for itself securities it also recommended to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other condition for starting or maintaining an account?

Yes No  
☒ ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Client accounts are reviewed on a monthly basis in a committee format by the following:  
Gregory H. Cobb - Chief Investment Officer  
John Kuzan - Director of Fixed Income Strategy  
Sunil Devarakonda - Sr. Taxable Trader/ Analyst  
Christie A. Nelson - Sr. Municipal Trader

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Clients receive formal reports upon request. The report details holdings, cost, market value, interest and dividends and accrued interest. Clients receive notification of each transaction from the broker executing the trade as well as monthly statements directly from the custodian of their choice.

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  |                                     |                          |
|--|-------------------------------------|--------------------------|
|  | Yes                                 | No                       |
| (1) securities to be bought or sold? .....           | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? .....                     | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ..... 

Yes	No
<input checked="" type="checkbox"/>	<input type="checkbox"/>

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |                                     |                                     |
|---|-------------------------------------|-------------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes                                 | No                                  |
|   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes                                 | No                                  |
|   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?..... 

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
Sovereign Holdings, LLC

SEC File Number:  
801- 20028

Date:  
3/27/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Sovereign Holdings, LLC**

IRS Empl. Ident. No.:

**56-1377945**

Item of Form (identify)	Answer
1.D.	<p>Sovereign Holdings, LLC d/b/a Sovereign Advisers, Inc. (Sovereign) provides investment supervisory services to individuals and institutions. Sovereign works with clients and, when appropriate, the client's registered representative to develop client objectives and investment strategy. Sovereign is also part of several wrap programs through which we manage client assets.</p> <p>Sovereign manages its client's accounts on an individualized basis. Portfolios within the same investment objective may differ with regard to specific holdings, but maintain similar goals and strategy. Restrictions and other guidelines that may be placed on portfolios by the client also support possible differences in securities in similar accounts. Therefore, accounts with similar strategy will not have identical performance.</p> <p>Though Sovereign offers customized fixed income solutions, we have several standard products that we offer including: Intermediate Taxable Fixed Income, Municipal Tax-Exempt Fixed Income, and Enhanced Cash among others.</p> <p>Fees charged and collected by Sovereign may be negotiated and will not exceed the following fee schedule for Fixed Income accounts that are not held under a Solicitors arrangement: First \$2 Mil 0.75% Next \$1 Mil 0.50% All Assets over \$3 Mil 0.40%</p> <p>Solicitors Fees are paid for some of our accounts under written agreement with a Solicitor. When this occurs the maximum total fee charged by Sovereign is 1%.</p> <p>Sovereign Holdings, LLC also manages Equity Portfolios with the Maximum Fee charged (whether under Solicitors agreement or not) of 1.32%.</p> <p>Fees are calculated as a percentage of market value at quarter end and generally billed in advance of services provided; a few clients are billed in arrears. Existing accounts may be paying lower rates than those outlined above. To the extent practicable, compensation is determined and payable as outlined above. However, special circumstances may require the negotiation of special fee arrangements based on time spent, specific client requirements or otherwise. Services are continuous but may be terminated by either party on written notice. Fees paid in advance will be prorated to the date of termination and any unearned portion thereof will be refunded. Clients whose managed supervised assets are invested in mutual funds are paying two advisory fees, an investment advisory fee to Sovereign on the mutual funds managed and an additional advisory fee to the mutual fund managers.</p>
3.L	<p>Closed End Funds: Benefits</p> <ol style="list-style-type: none"> <li>1) Ease of access to the less liquid sectors of the fixed income markets, such as high yield</li> <li>2) High levels of diversification helps to more effectively control single-issuer or idiosyncratic credit risk</li> <li>3) Generally offer higher levels of current income versus open end mutual funds</li> <li>4) Greater liquidity and ease of trading versus a portfolio of individual securities</li> <li>5) Generally subject to lower expense ratios.</li> </ol>

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
Sovereign Holdings, LLC

SEC File Number:  
801- 20028

Date:  
3/27/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Sovereign Holdings, LLC

IRS Empl. Ident. No.:

56-1377945

Item of Form (identify)	Answer
4.A. and B.	In addition to the methods of analysis that are listed, Sovereign also utilized the following analysis methods: Quantitative Scenario Analysis - subjecting portfolios to multiple interest rate scenarios as well as varying yield spread scenarios; development of risk/reward analysis which determines the relative duration profile and sector allocations. Third Party Credit Information - utilize Credit Sights services for third party, independent reviews on credit to supplement internal fundamental analysis. Sovereign uses Bloomberg, CMS BondEdge and Credit Sights for information.
5.	<p><u>Education and Business Standards</u></p> <p>All individuals determining or giving investment advice to clients have several years of directly related business experience. CFA designations and college degrees are encouraged. Sovereign implements a team approach to its investment philosophy and direction of portfolio management. The Strategy and Credit Committee which includes all of the following as well as some Marketing staff, meets weekly to discuss individual securities, general dynamics of the market and anticipated changes in the fixed income landscape. This committee sets all credit strategies based upon which the firm takes a directive. The portfolio management team is comprised of the following individuals.</p>
6.	<p><u>Education and Business Background</u></p> <p>Jeffrey R. Hines ----- Born 1953, BA Economics, University of Colorado, Boulder 1977. Sovereign Holdings, LLC 01/01/98 - Present, President; Optimal Investment Advisers, LLC 02/97 - 01/98, Sr. Vice President; Sovereign Capital Management, Inc. 01/94 - 02/97, Sr. Vice President; Marquette Capital 08/92 - 01/94, Chief Portfolio Manager; Dana Investment Advisors 07/90 - 08/92 Chief Portfolio Manager; Regional Transportation District of Denver 02/85 - 07/90 Chief Investment Officer</p> <p>Gregory H. Cobb ----- Born 1961, BA Economics, University of North Carolina Chapel Hill 1979. Sovereign Holdings, LLC - 03/99 - Present, Sr. Vice President/Managing Director of Fixed Income; Trade Street Investment Associates - 11/93-10/98 Sr. Vice President/Portfolio Manager; Trustco Capital Management 10/89-11/93 Fixed Income Portfolio Manager; Barnett Banks Trust Company 07/87 - 09/89 Fixed Income Portfolio Manager.</p> <p>John Kuzan ----- Born 1945. BS Commerce and Engineering Drexel University, 1968; MBA Finance Wharton School, 1972. Sovereign Holdings, LLC 10/07- Present, Director of Fixed Income Strategy; Blackrock Investment Management 10/06-04/07, Managing Director of Fixed Income; Merrill Lynch Investment Managers 05/1984-09/06.</p>

(Complete amended pages in full, circle amended items and file with execution page (page 1).)



**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
Sovereign Holdings, LLC

SEC File Number:  
801- 20028

Date:  
3/27/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Sovereign Holdings, LLC**

IRS Empl. Ident. No.:

**56-1377945**

Item of Form (identify)	Answer
6. Cont'd	<p>Sunil Devarakonda ----- Born 1981. BS Economics and Computer Science Duke University, 2003. Sovereign Holdings, LLC 11/07 - Present, Sr. Taxable Trader/Analyst; Silverback Asset Management 01/04-07/06 Credit Bond and Credit Derivatives Trader Asst/Trader; Global Value Investors 06/02-09/02 Summer Intern- Credit Analyst.</p> <p>G. David Hollins ----- Born 1962. BS Finance/Accounting University of Tennessee, 1985, MBA Business Administration East Tennessee State University, 1987. Sovereign Holdings, LLC 01/08 - Present Sr. Taxable Portfolio Manager; Blackhawk Capital Management, LLC 2002-2007 Director of Research; Provident Investment Management, LLC 2000-2002 Investment Officer; Tradestreet Investment Assoc., Inc. 1995-2000 VP/Sr. Securities Analyst; NationsBank Corp. 1992-1995 Commercial Credit Analyst.</p> <p>Christine Nelson ----- Born 1973 BA Industrial Relations University of North Carolina Chapel Hill 1995. <b>01/08</b> - Present Sovereign Holdings, LLC - Sr. Municipal Trader; Wachovia 1997-2008 Municipal Bond Trader; UBS/Paine Weber Group, Inc. 1996-1997 Bond Trading Assistant.</p>
8.C.	<p>In 2007 Sovereign Advisers was purchased by Titanium Asset Management (TAM), a special purpose acquisition company that was formed to purchase Investment Advisory firms. Sovereign acts as an independent division of TAM and the clients of Sovereign have no direct dealings with TAM. Sovereign also shares office space, facilities with Keane Capital Management, an independent and unaffiliated hedge fund investment manager. Sovereign and Keane have different investment strategies and a significantly different client base. Sovereign maintains policies and procedures for maintaining its fiduciary duties to and privacy of its advisory clients.</p>
9.	<p><u>Code of Ethics</u> Sovereign has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Sovereign's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth Sovereign's practice of supervising the personal securities transactions of supervised persons with access to client information. Individuals associated with Sovereign may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of Sovereign that no person employed shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients. All employees are required to acknowledge Sovereign's Code of Ethics annually in writing.</p>

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
Sovereign Holdings, LLC

SEC File Number:  
801- 20028

Date:  
3/27/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Sovereign Holdings, LLC

IRS Empl. Ident. No.:

56-1377945

Item of Form (identify)	Answer
9.Cont'd	<p>To supervise compliance with its Code of Ethics, Sovereign requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer.</p> <p>Sovereign requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Sovereign's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.</p> <p>Sovereign Advisers will provide a complete copy of its Code of Ethics to any client upon request to the Chief Compliance Officer at Sovereign's principal address.</p>
9.E.	<p><u>Participation or Interest in Securities Transactions</u></p> <p>No employee shall engage in any act, practice, or course of conduct which would violate the antifraud provisions of Section 206 of the Advisers Act, nor shall any employee of Sovereign purchase for a client any security, except securities approved by the Investment Strategy Committee.</p> <p>Sovereign requires that each employee and director read, sign and agree to our policy on trading in securities by employees. Each employee and director is required to submit quarterly to the Compliance Officer, a list of all securities transactions for all accounts in which the employee has any direct or indirect beneficial interest except any such account in which the individual has no investment influence or control.</p> <p>Transactions in securities that are recommended to clients must be reported to and pre-approved by the CIO before they are made. All such transactions may be made only after client transactions in that security are completed. This policy applies to all activity for all individual employees. Finally, all portfolio managers, analysts, and other employees who make investment recommendations are expected to comply with the Code of Ethics and the Standards of Professional Conduct of the CFA Institute.</p>

(Complete amended pages in full, circle amended items and file with execution page (page 1)).

**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
Sovereign Holdings, LLC

SEC File Number:  
801- 20028

Date:  
3/27/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Sovereign Holdings, LLC</b>		IRS Empl. Ident. No.: <b>56-1377945</b>
Item of Form (identify)	Answer	
10.	<p><u>Conditions for Managing Accounts</u> Sovereign currently imposes minimum value of assets for accounts according to the various programs offered. We reserve the right to accept accounts below the stated minimum values that differ significantly.</p>	
11A.	<p>Client accounts are reviewed on an on-going basis by various members of the investment management team at various points in the portfolio management process.</p> <p>This review entails a disciplined three-step process:</p> <ol style="list-style-type: none"> <li>1. Daily trading activity is reviewed by the traders in conjunction with the CIO.</li> <li>2. Mandates (models and individual accounts) are reviewed by the investment management team at least monthly to ensure consistency with current strategies and a high level of consistency across portfolios managed under a particular mandate.</li> <li>3. At month end, a performance review is held for each mandate and the individual accounts within that mandate. Topics include the discussion of market events and the sources of return, duration management, yield curve configuration, sector allocations and security selection.</li> </ol>	
12.A.	<p>The wrap programs in which Sovereign participates only grant trading authority to Sovereign. Sovereign determines security, quantity and price and timing of transactions. Direct clients have granted authority to Sovereign to trade as described for wrap accounts, authorize withdrawal and transfers. Sovereign requests clients and/or their representatives provide these requests in writing via E-mail or fax.</p> <p>Sovereign purchases only investment grade securities and Portfolio Managers limit the amount of individual positions not to exceed 10% of a portfolio for larger accounts, 12-15% for smaller accounts.</p> <p>Offers: Documented offers shall be obtained on the purchase of all non-treasury securities, when possible. With certain less liquid and more fragmented markets,(money markets, odd-lot corporates, municipals and lower-quality issuers), documented offers may not be made on a best effort basis.</p> <p>Bids: Documented bids shall be obtained on the sale of all non-treasury securities (corporates, mortgages, agencies, municipals, etc.)</p> <p>Documentation is not required on treasury trades. Given the speed of market changes in various time frames, the market does not lend itself to the acquisition of electronic documentation. All treasury bids must be compared to live-market screens, such as the Bloomberg BBT screens, which provide live, two-sided markets from a number of dealers. Therefore, all trades must be executed at a live-market terminal. If a quote is not reflective of the market, additional quotes must be obtained.</p>	

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
Sovereign Holdings, LLC

SEC File Number:  
801- 20028

Date:  
3/27/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Sovereign Holdings, LLC

IRS Empl. Ident. No.:

56-1377945

Item of Form (identify)	Answer
12.B.	<p>Sovereign Advisers has assembled a list of approved brokers who are reviewed on a semi-annual basis by Portfolio Management. The factors that are considered include implementation costs, value of research, liquidity provided, investment styles, the assessment of financials, clearing agents, quality of service provided and the overall value added to Sovereign and its clients. All proposals for additions/deletions must be approved by the Managing Director. Prior to each meeting the above referenced information should be compiled for each committee member and meeting minutes will be maintained of each evaluation meeting reflecting any significant findings.</p> <p>A list of these brokers and the number of trades executed through each is maintained by the Portfolio Administrator and reviewed on a regular basis by Portfolio Management. Portfolio Management will look for possible favoritism and address the appropriate trader for further information. Any conflict of interest will be identified and disclosed as appropriate. Commissions for equity accounts are negotiated on an individual basis.</p>
Proxy Voting	<p><u>Proxy Voting Policies &amp; Procedures</u></p> <p>Proxy statements increasingly contain controversial issues involving shareholders rights and corporate governance, among others which deserve careful review and consideration. It is our policy to review these issues and make decisions exclusively on the judgement of what will best serve the financial interest of our clients -- the beneficial owner.</p> <p>A number of recurring issues can be identified with respect to the governance of a company and actions proposed by that company's board. Following a standard Proxy Voting Policy allows votes to be issued in a uniform manner. All non-routine matters are referred to the Investment Strategy Committee. Upon request, clients may receive detailed information on how the proxies were voted with respect to their accounts. Also, we will provide complete copies of the policies to any client upon request. In addition the following key points apply related to proxy issues:</p> <p><i>Procedures used to address any potential conflicts of interest</i> - our firm bases its votes on a pre-established set of policy guidelines and recommendations of an independent third party; namely, Broadridge Financial Solutions, Inc. Broadridge makes its recommendations based on its independent, objective analysis of the economic interests of shareholders. This process ensures that our firm votes in the best interests of our clients, and it insulates our voting decisions from any potential conflicts of interest.</p> <p><i>The extent to which our firm delegates proxy voting authority to, or relies on, recommendations of a third party</i> - the firm retains ultimate responsibility for voting and has the ability to override Broadridge vote recommendations. We will do so if we believe that a different vote is in the best interests of our clients. In addition we are willing to receive specific instructions from clients to vote their shares in a certain way.</p>

(Complete amended pages in full, circle amended items and file with execution page (page 1)).

**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**Sovereign Holdings, LLC**

SEC File Number:  
801- 20028

Date:  
3/27/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Sovereign Holdings, LLC**

IRS Empl. Ident. No.:

**56-1377945**

Item of Form (identify)	Answer
13.B.	<u>Client Referrals</u> Sovereign has entered into arrangements with several brokers to pay solicitors fees for client referrals. These arrangements comply with federal regulations as set out in the 17 CFR section 275.206(4)-3 promulgated under the Investment Advisory Act of 1940. In addition, Sovereign's solicitor arrangements and fees paid to solicitors comply with relevant state laws. The Solicitors fees are paid pursuant to the agreements retained by Sovereign and all solicitor relationships are disclosed to clients affected when the contract is signed by means of our Disclosure and Fee Acknowledgement. These agreements are reviewed on a quarterly basis to ensure compliance with the stated guidelines.

(Complete amended pages in full, circle amended items and file with execution page (page 1).)